

Welcome

54th ANNUAL GENERAL MEETING
of Blackmores Ltd.

27 October 2016

CHAIRMAN'S WELCOME

BLACKMORES



Marcus C. Blackmore AM
Chairman



Professor Charles Teo AM Neurosurgeon

Cure Brain Cancer Foundation, Founder

CEO'S YEAR IN REVIEW



Christine Holgate
Chief Executive Officer

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BLACKMORES EXECUTIVE TEAM

BLACKMORES

Chief Executive Officer
Christine Holgate



Managing Director
Australia & NZ
David Fenlon



Managing Director
Asia
Peter Osborne



Managing Director
BioCeuticals
Nathan Cheong



General Manager
Nutritional Foods
Tim Scotcher



Chief Operating Officer
Central Services
Richard Henfrey



Director
Blackmores Institute
Lesley Braun



Company Secretary &
Director of Corporate Affairs
Cecile Cooper

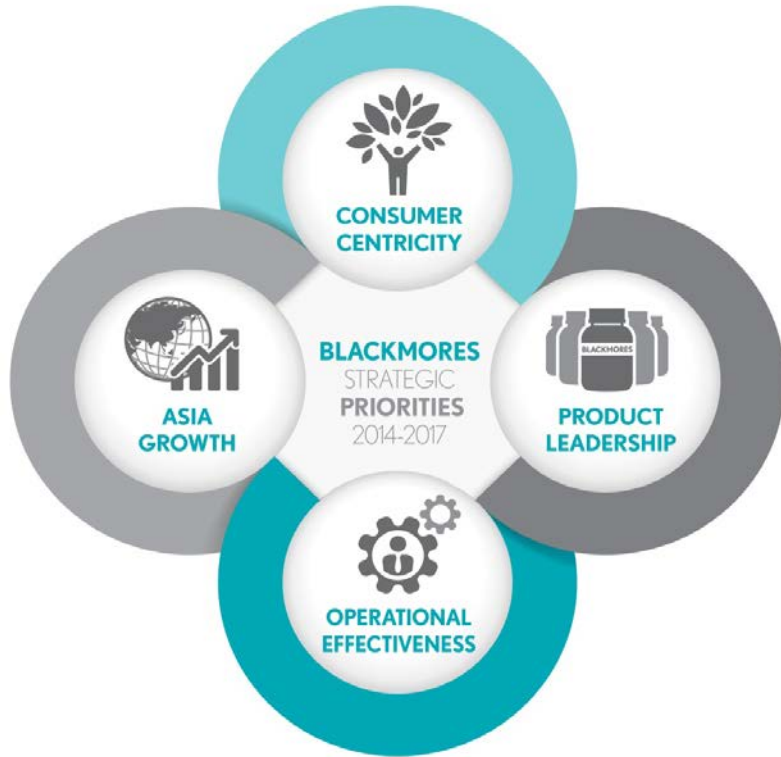


Chief Financial Officer
Aaron Canning

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F16 COMMITMENT TO SHAREHOLDERS

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“We remain focused on our strategic priorities.

Demand for our products continues to grow and we are taking this opportunity to invest in our existing business and to establish new platforms and partnerships to extend our brand and expertise.

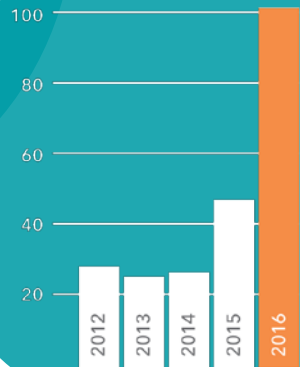
We are committed to growing this business delivering improved shareholder returns in the coming year.”

AN EXCEPTIONAL YEAR

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NET PROFIT
AFTER TAX

100
\$MILLION



- Group Sales of \$717m, up 52%
- Record NPAT of \$100.0m, up 115%
- EBIT margin improvement from 15% to 20%
- Operating cash flow of \$84m, up 18%
- Cash conversion ratio of 81%
- Net debt \$17m post acquisition of Global Therapeutics
- Earning per share of 581 cents, up 115%
- Dividends were 410 cents, up 102%

F16 HIGHLIGHTS

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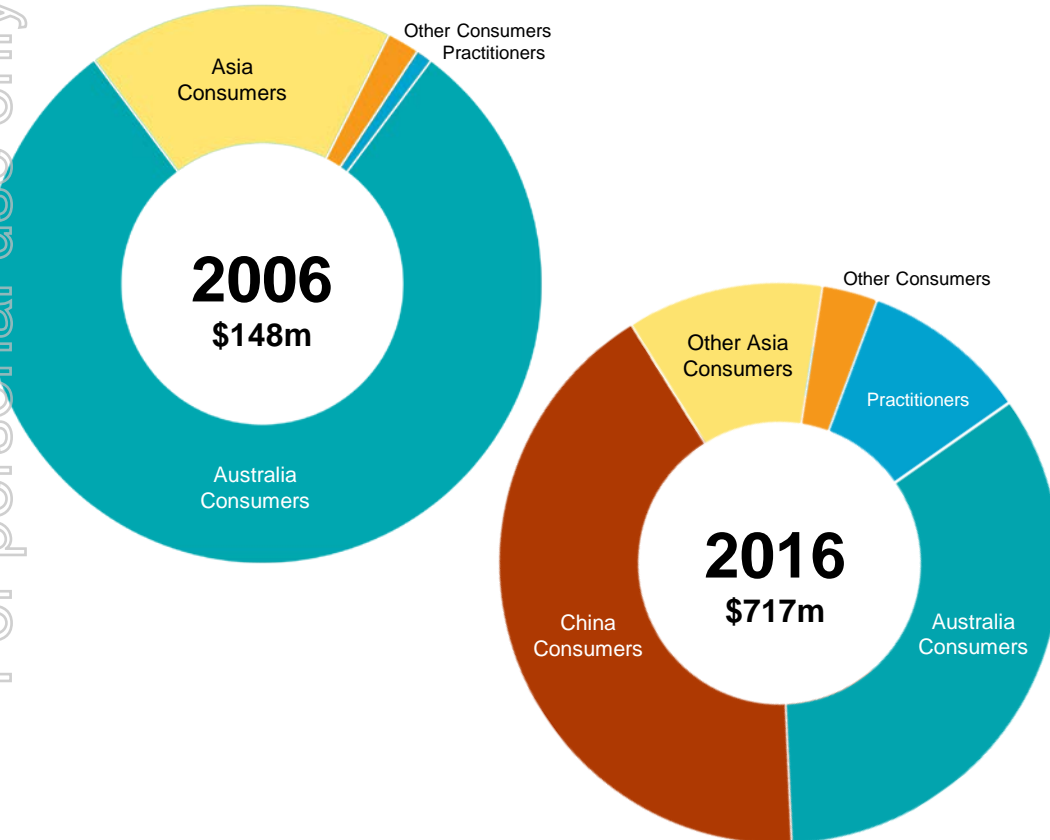


Clement Smith, Warehouse Manager, Blackmores

- Every region and brand delivered strong growth
- Recognised as one of Australia's best employers by AON Hewitt
- 117 new products launched across the Group
- Significantly invested in infrastructure and new businesses to build future pipeline
- Secured supply in a constrained environment, building reserves of scarce materials
- Acquired Global Therapeutics in May 2016 – Australian market leader in Chinese herbal medicine category
- Entered ASX 100
- Record payouts to key stakeholders – shareholders, staff and Australian Government

STRONG PERFORMANCE ACROSS GROUP

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Group sales of \$717m, up 52%

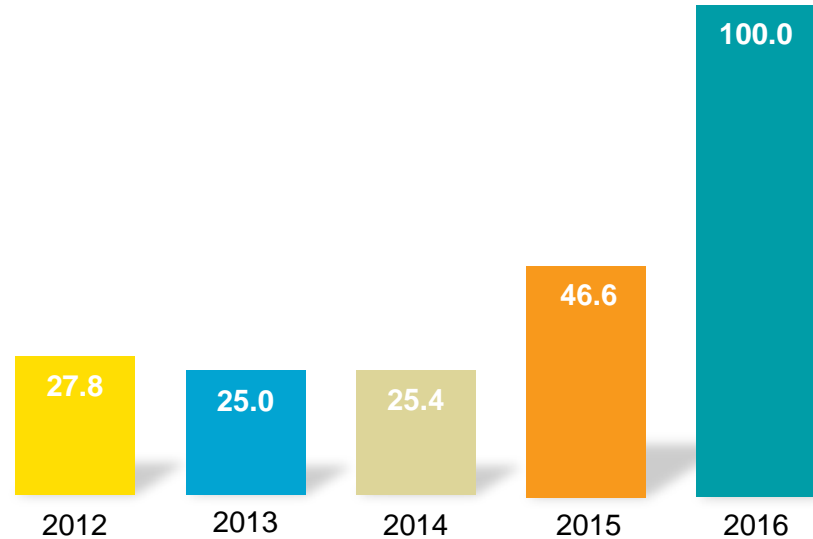
- Australia \$495m, up 56%
- Asia \$129m, up 54%
- BioCeuticals \$69m, up 25%
- Other sales of \$23m, up 50%
 - New Zealand
 - Nutritional Foods
 - Global Therapeutics

PROFIT MORE THAN DOUBLED

- Record sales delivered a strong profit result
- Expenses of \$454m, were up 43%, reflecting stronger sales, achievement of employee incentives and investment in building infrastructure and new businesses
- Net Interest at \$1.8m, down 47%

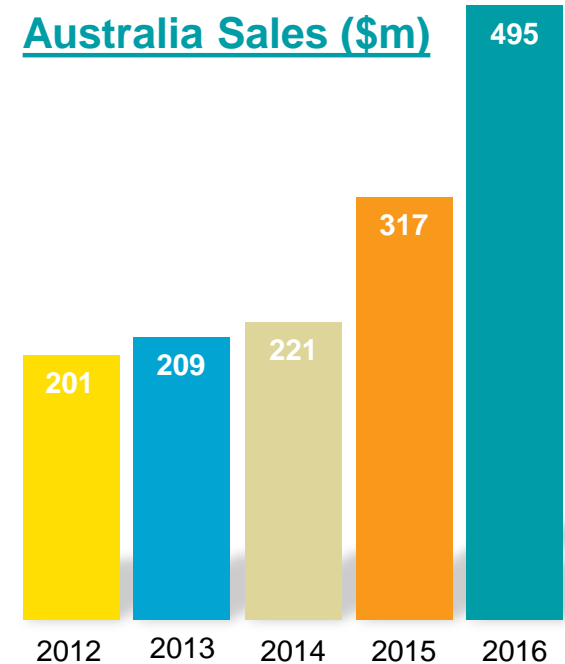
Group NPAT \$100m, up 115%

- Q1 \$22.6m, up 161%
- Q2 \$25.6m, up 158%
- Q3 \$27.3m, up 124%
- Q4 \$24.5m, up 55%



- Australia delivered strong profitable growth
 - Australia sales of \$495m, up 56%
 - Australia EBIT of \$129m, up 100%
- Confirmed position as Australia's clear market leader
- Chinese Consumers boosted Australian retail, adding more than \$200m in additional sales
- Australia's EBIT margin improved from 20% to 26%
- Awarded Most Trusted Brand for the 8th consecutive year
- NZ and PAW strong growth with improved profit trajectory

Australia Sales (\$m)



ASIA GROWTH

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Lincoln Wong, Head of Export Sales

- Asian consumers contribute almost 50% of Group sales
- Asia in-country sales \$129m up 54%, EBIT \$15m, up 79%
- China in-country sales \$48m up 536%. EBIT at \$12.6m up 979%
- Strong sales in established markets up 11% – including Thailand, Malaysia, Singapore, Hong Kong, Taiwan
- Korea had a challenging second half result, negatively impacting EBIT of \$2.8m
- Invested for Indonesia launch and in Blackmores International as we continue to transform our business to better serve Asia



Belinda Reynolds, Senior Educator, BioCeuticals

- BioCeuticals sales of \$69m, up 25%
- Market leader with estimated 40% share in practitioner
- Leaders in Education and Product Innovation, launching first to market Liposomal range
- EBIT of \$9m, up 9%, including higher employee costs and investment in new offices – underlying EBIT up 28%
- Doubled EBIT contribution since acquisition in 2012
- Launched in US with local partner – world's biggest practitioner market
- Acquired Global Therapeutics in May 2016, Australia's leading Chinese herbal medicine company

GLOBAL THERAPEUTICS

- In May 2016, Blackmores acquired 100% of Global Therapeutics for \$23m
- Global Therapeutics, an Australian company with two brands offering Chinese herbal medicine:
 - Fusion Health
 - Oriental Botanicals
- Market leaders in this category in Health Food Stores and Pharmacy
- Headquarters in Byron Bay, the company has 40 staff
- The acquisition is expected to be earnings accretive in its first full year
- The business was acquired debt free with working capital of circa \$5m



Anita Wolf, Marketing Manager, Global Therapeutics

NUTRITIONAL FOODS

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- Partnership with Bega to develop nutritional foods including an infant nutrition range progressed
- Early sales of \$9m, Blackmores has a 50% share
- Post regulatory changes announced in China in April, the market in both Australia and China has gone through significant change
- Team remains focused on Asia proposition
 - Stages 2 & 3 formulations approved in China and ready for sales in coming months
 - Stage 1 approvals underway



Isabella Truong, Advisory Pharmacist, Blackmores Institute

- Blackmores Institute provided 25,000 healthcare professionals with accredited training across the Group in the last year
- More than 440,000 educational touchpoints across the group
- Blackmores Institute Symposia in Australia, New Zealand, Thailand, Malaysia and China
- Partnership with Australia's National Institute of Complementary Medicine
- Partnerships with leading Asian Universities including Beijing and Rangsit University
- 25 active clinical trials underway across Blackmores Group, prepares us for drug registration in Asia
- Successful publication on Insolar clinical trial
- Investing in e-learning platform to enable global sharing of knowledge

OPERATIONAL EFFECTIVENESS

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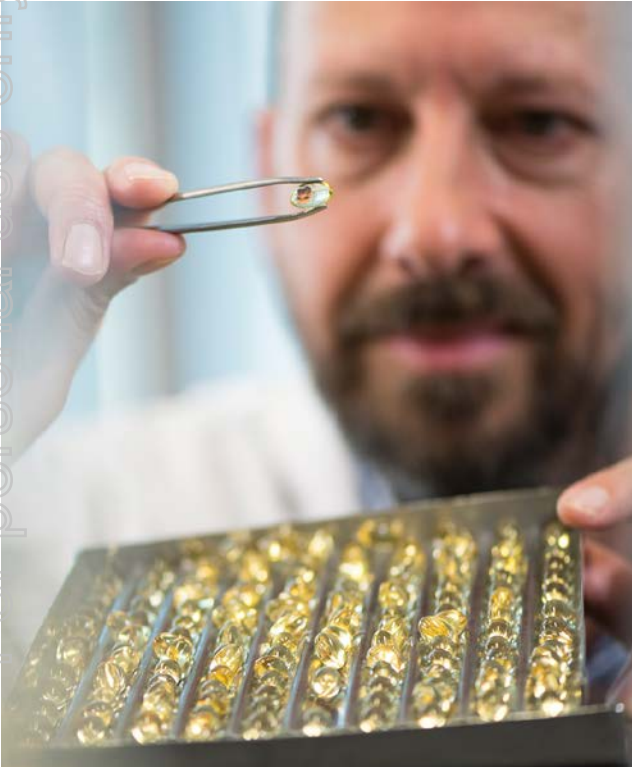


Ellena Rivera, Blackmores Distribution Operator

- Total current assets have increased by 57% commensurate with business growth
- Inventory increased to \$116m to ensure stock is held to meet demand, secured scarce raw materials, plus integration of Global Therapeutics.
- Invested in robotics and quadruple head counters, expanded our facilities footprint and our staff to increase capacity and improve productivity
- High staff engagement

F16 SUMMARY

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Darren Dziedziczak, Head of Quality and Regulatory

- Exceptional year of performance
- Strong progress on delivering our strategic priorities
- Blackmores now the largest Asia Pacific natural health company
- Asia is increasingly important to our future
- Exited the year with a more diversified business, with a strong balance sheet and built new platforms for growth
- Key stakeholders rewarded

YEAR END SUMMARY AND AUGUST OUTLOOK



Raphael Maufay, Gardener and Handyman

- Pleased with progress delivering strategic priorities
- Advised shareholders that first quarter financial results would be impacted by challenges in Australia
 - Major retailers destocking
 - Changes in how exporters acquire products
- Encouraged by strong consumer demand, growing momentum in Asia and BioCeuticals
- Need to develop our business model, build new channels, adapt our cost base and accelerate our transition to support our changing retail landscape

FIRST QUARTER UPDATE



- **Blackmores Australia sales down 40% to \$68 million**
 - Destocking impact circa \$17m
 - Changes in how Chinese exporters buy, impact circa \$28m
 - 20% of Australian sales influenced by Chinese shoppers
 - Australian consumer demand strong - Blackmores remains leader
- **Asia sales contributed \$51m, up 75% – Record Quarter**
 - China in-country sales contributed \$14m, up 135%
 - New China export division contributed \$17m, up 356%
 - Total China direct sales \$31m, up 222%
- **BioCeuticals at \$19m, up 17% – Record Quarter**
- **Global Therapeutics contributed \$6m – Record Quarter**
- **Launched in Indonesia**
- **Lower volumes resulted in higher recovery costs**
- **Took immediate action to contain costs**

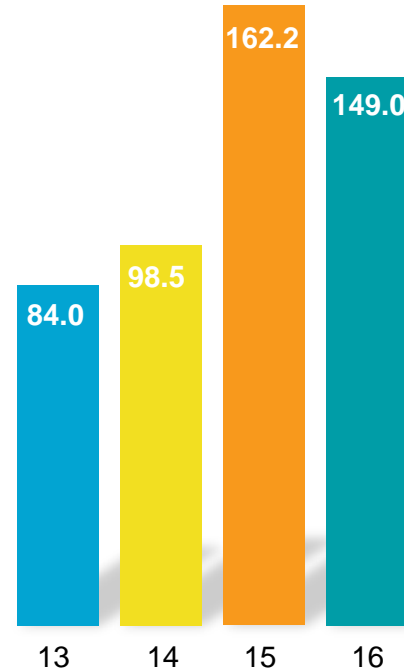
FIRST QUARTER F17

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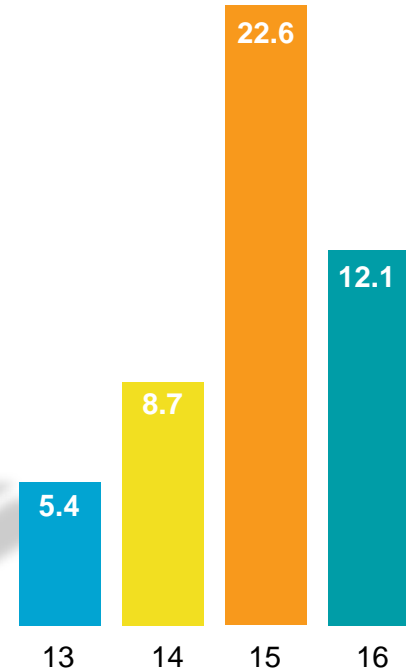
AUD \$m	F17	F16	% vs LY
Invoiced Sales	149.0	162.2	-8%
EBITDA	19.8	34.9	-43%
EBIT	17.8	33.1	-46%
Net Interest Expense	0.8	0.4	+128%
Profit Before Tax	17.0	32.7	-48%
Income Tax Expense	4.9	10.1	-51%
NPAT	12.1	22.6	-47%

Q1 RESULTS

Invoiced Sales (\$m)



NPAT (\$m)



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- Australian market improving but remains challenged
 - Sales trajectory improved in the quarter
 - Impact of excess stock in Australia has eased
- Progress made in building new channels
- Blackmores Asia, BioCeuticals and Global Therapeutics all continuing to perform
- Embarked on cost structure review to enable continued investment and build profits
- Unlikely to match exceptional F16 full year profit
- Expect second quarter to be stronger than the first quarter
- Board remains confident in the Group's strategic focus and long-term growth prospects

L: Edouard Picherit, Category Manager
R: Emma Gaukrodger, Health & Wellness Administrator

REFLECTIONS ON THE QUARTER

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A CLEAR VISION, STRONG PURPOSE AND ALIGNED TEAM

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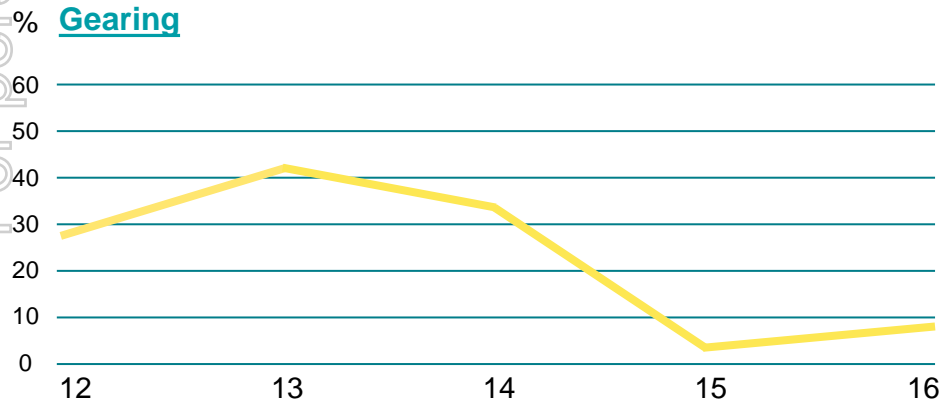
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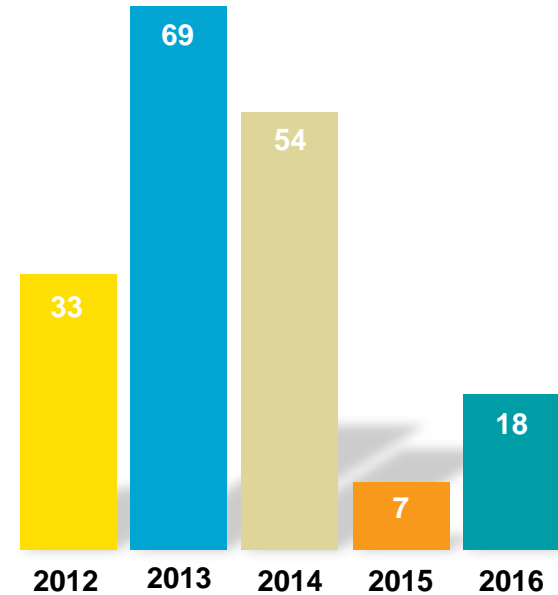
Aaron Canning
Chief Financial Officer

BALANCE SHEET

- Gross debt is \$55m, up from \$44m
- Net debt closed at \$17.8m, up from \$7.1m
- Funded new investments in the year in Global Therapeutics acquisition, Indonesian launch and Nutritional Foods partnership
- Gearing ratio is 9%, up from 5%



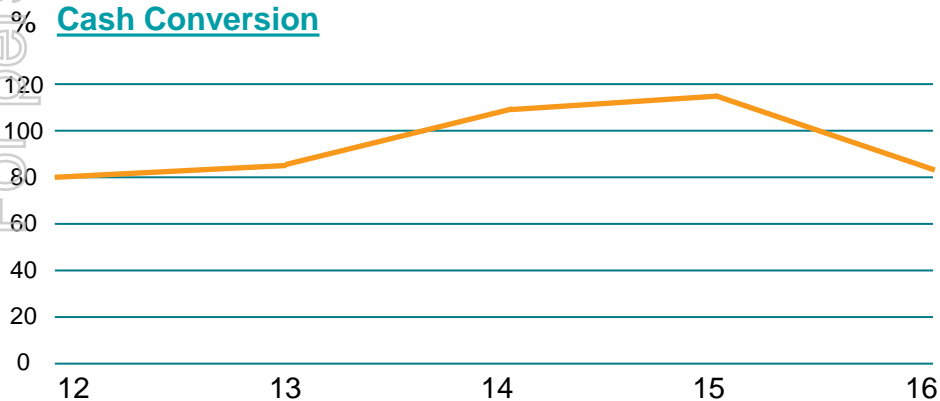
Net Debt (\$m)



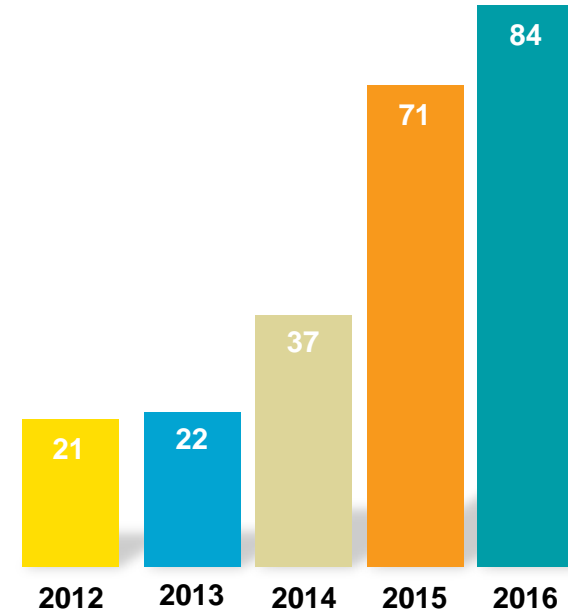
CASH FLOW

- Blackmores continues to generate strong cash flows with operating cash flow of \$84m, up 18%
- Invested in inventory impacting cash conversion ratio of 81%, down from 114%
- Continued focus on working capital management

Cash Conversion



Operating Cash Flow (\$m)



RETURNS TO SHAREHOLDERS

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FY16 has provided loyal shareholders the rewards for their ongoing support and confidence in Blackmores

EPS of 581c, up 115%

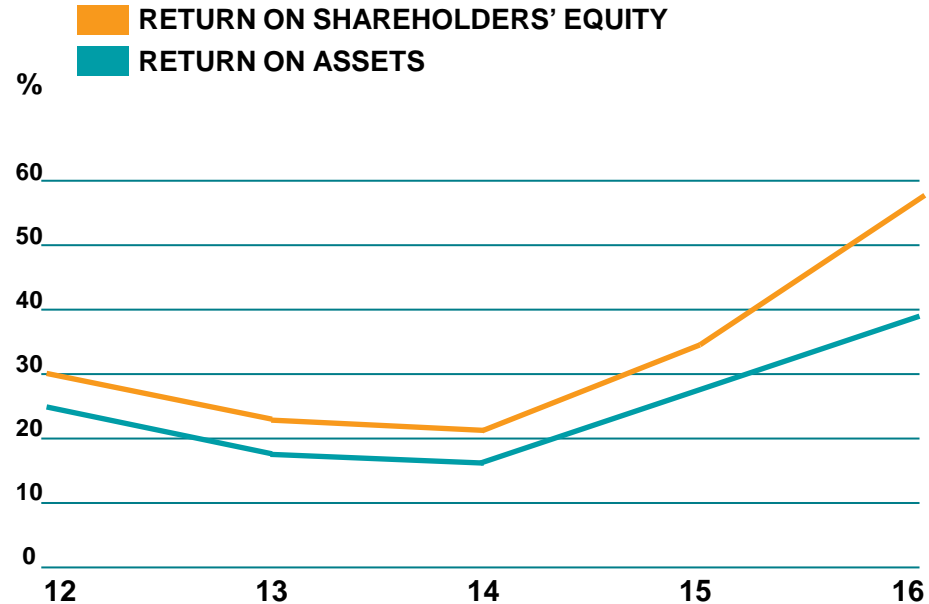
Full Year dividend of 410 cents, up 102%

Dividend payout ratio of 71%, fully funded from operating cash flow

Return on assets ratio is 40%, up from 27%

Return on equity ratio is 56%, up from 35%

Management commitment to investment in sustainable future growth opportunities



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Marcus C. Blackmore AM
Chairman

RESOLUTIONS

1. Adoption of Remuneration Report
2. Re-election of Mr Stephen Chapman as a Director
3. Approval of the Executive Share Plan
4. Grant of Shares to Ms Christine Holgate

RESOLUTION 1 – RENUMERATION PROXIES

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Vote Type	Voted	% of Voted	% of all securities
For	3,425,338	90.47%	19.88%
Against	103,371	2.73%	0.60%
Open-Usable - refer below	257,494	6.80%	1.49%
Total	3,786,203	100.00%	
Open-Usable Breakdown			
Chairman appointed as Proxy	103,135	2.72%	
Others appointed as Proxy	154,359	4.08%	

Thank you

We look forward to seeing
you at our AGM next year at
the Blackmores Campus

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